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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1941.

No. 975.

AETNA AUTO FINANCE, INC., a Corporation,
Petitioner,

vs.

AETNA CASUALTY & SURETY COMPANY, a Corporation,
Respondent.

RESPONDENT'S BRIEF

In Opposition to Petition for Writ of Certiorari to the
United States Circuit Court of Appeals
for the Fifth Circuit.

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Petitioner,

vs.

AETNA CASUALTY & SURETY COMPANY, a Corporation,
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RESPONDENT'S BRIEF

**In Opposition to Petition for Writ of Certiorari to the
United States Circuit Court of Appeals
for the Fifth Circuit.**

To the Honorable Chief Justice and the Associate Justices
of the Supreme Court of the United States:

STATEMENT OF THE CASE.

This is a common-law action by Aetna Casualty and Surety Company, a corporation, to enjoin the Petitioner, Aetna Auto Finance, Inc., from unfairly competing with Respondent in the employment of the corporate name Aetna Auto Finance, Inc. (R. 1).

The gist of the complaint is that Petitioner, a newly-formed company loaning money to automobile owners and selling insurance on their cars to secure the loans, has chosen the name by which Respondent has for a long time been known, and has imitated its advertising, and is thereby leading these owners to think they are dealing with Respondent, in violation of the principle that a name and reputation, like a face, is the symbol of its possessor and creator and another can use it only as a mask.

More specifically, Respondent avers (a) that Petitioner is attempting to mislead the public into believing that it is affiliated, associated, connected with or backed by Respondent; (b) that Petitioner is attempting to pirate the good will and trade name of Respondent; that Respondent is entitled to be free from the possible danger to its reputation and credit which might result from the public confusion of the use of the name "Aetna" in connection with Petitioner's corporate name and business; (c) that the use of the name "Aetna" in connection with Petitioner's corporate name and business will lead the public to credit the Petitioner's business with an unwarranted financial reliability, and if upon such assumption an extension of credit eventually proves unfounded the name of the Respondent will be greatly damaged; and (d) that the use of the name by Petitioner will enable it to get the benefit of Respondent's reputation and its advertising, upon which it has expended hundreds of thousands of dollars; that the use of the name "Aetna" in connection with Petitioner's corporate name and business is attended with peril and danger to the Respondent (R. 5, 6).

Respondent is and has been for over thirty years one of several affiliated companies of Hartford, Connecticut, functionally different, as they are required to be by various state regulations (R. 41), but integrated through stock ownership and management (R. 38) into one nation-wide

(R. 31) insurance organization and equipped to insure all or any of the insurable hazards of the country (R. 32, 36).

Automobile risks of all sorts are insured in Respondent and its affiliated companies, viz., Automobile Insurance Company and Standard Fire Insurance Company, and third party liability was formerly, though it is not now (discontinued January 1, 1940 [R. 38]), insured in its affiliated Aetna Life Insurance Company. Respondent and Aetna Life Insurance Company primarily handle the liability features, the two other companies the property features. One automobile department handles all of the automobile business, into whichever of the companies it goes (R. 23).

At an annual cost of many hundred thousands of dollars, Respondent has built up an agency plant of more than 10,000 agents, producing a premium volume of more than \$35,000,000 a year, of which about \$12,000,000 is automobile premiums (R. 33). This enterprise is named "Aetna," the Latin word for Etna, a mountain of Sicily, and its business is built around the slogan "Aetna-Ize" and other similar slogans, including "Aetna Service Spans the Continent," "It Will Pay You To Be An Aetna-Izer," and "The Aetna Auto Plan."

From 1924 to 1935 (R. 70) Respondent spent \$2,247,000 in advertising, nearly one-third of which was devoted to the production of automobile business. It carried on a nation-wide safe driving test through co-operation with its local agents. During the four years ending in 1938 Respondent spent \$293,479 in Highway Safety Activities (R. 70). Throughout the years it has used no less than a score of different advertising media wherein the words "Aetna" and "Auto" are conjoined (R. 203), and this conjunction is emphasized throughout this advertising material by two overlapping discs (R. 10), on many of which, used in connection with automobile risks, an auto-

mobile is superimposed (R. 11). The various combinations of the words "Aetna" and "Auto" employed in Respondent's advertising used throughout the years are as follows: "Aetna Auto Companies," "Aetna-Auto Identification Card," "Aetna-Auto Agent," "Aetna-Auto Plan," "Aetna-Auto Service," "Aetna-Auto Attorney," "Aetna-Auto Policy," "Aetna-Auto Combination Insurance," "Aetna-Auto Liability Policy," "Aetna-Auto Property Damage Insurance," "Aetna-Auto Collision Insurance," "Aetna-Auto Fire & Theft Insurance," "Aetna-Auto Fire Premium," "Aetna-Auto Log Book," "Aetna-Auto Security," "Aetna Automobile Fleet Insurance," "Aetna Automobile Fleet Safety Engineers," "Aetna Automobile Fleet Owners," "Aetna Automobile Fleet Protection," "Aetna Automobile Service Card," "Aetna Automobile Service Certificate" and "Aetna Automobile Personal Accident Policy." (See original exhibits.)

Petitioner is an Alabama corporation with \$2,000 authorized capital stock organized in 1937 and is a subsidiary of Lewis Investment Company of Missouri whose other subsidiaries are "Aetna Auto" Finance of Kansas, "Aetna Auto" Finance of Georgia and Phoenix Finance Company of Arkansas. It employs the name "Aetna" prominently displayed. It employs a circular device approximately the same size and appearance as that employed by Respondent, upon which is imposed two automobiles and over which is written, in the same general type as that employed by Respondent, the word "Aetna" (R. 204). It advertised "A New Plan for Auto Loans"; referring in its advertising to "The National Program." It employed the slogans, "Deal With a Reputable Company With a National Reputation"; "Aetna Brings to Birmingham a New Plan for Automobile Loans"; "A National Institution Lending Money Exclusively on Motor Vehicles" (R. 26, 27, 204).

When the situation as to name and advertising was

called to Petitioner's attention (R. 26) the Petitioner agreed only to eliminate the words "National Institution" and the word "Aetna" standing alone. Actually it continued all the other slogans except that it dropped the words "A National Institution." It continued to display the word "Aetna" as the most prominent word in its advertising. In Petitioner's original advertising it stated, "Aetna Brings to Birmingham a New Plan for Automobile Loans" (R. 143, Ex. 12, part 2). In its new advertising it stated, "Aetna Auto Finance Has Brought to Birmingham a New Plan for Automobile Loans" (R. 144, Ex. 14, part 2).

Respondent's premium volume in Alabama alone for the year 1938 was \$224,595.86 (R. 82). It has fifty-five agents located in thirty different cities and towns in the state (R. 114). Each of these agents is engaged in writing insurance **on automobiles**. In the first two and one-half years of its existence Petitioner took 12,000 applications and made 4,400 loans **on automobiles** (R. 135). It required and placed insurance on every loan (R. 135, 136, 154).

Most of the evidence in this case was taken before a Commissioner at Hartford, Connecticut (R. 31-121); part of it before the Special Master, at Birmingham, Alabama (R. 121-157).

Respondent's Vice-President, Morcom, testified as to the probable confusion and danger attending the use of the name by Petitioner (R. 59, 60). Respondent's witness Sullivan (R. 86, 87, 88) gave testimony to like effect; also, Respondent's witness Chapin (R. 77); likewise, Petitioner's witness Edward I. Taylor (R. 102, 103). A number of instances of actual confusion were proven. Petitioner's witness Mrs. Louise Saunders received telephone calls (R. 141); its witness Threlkeld received inquiries (R. 141) as to the relationship between Petitioner and Respondent. Its manager A. M. Nystrom received inquiries as to the connection between Petitioner and Respondent or its affiliated

companies (R. 134). Respondent's witness Miss Dorothy Wynn received calls about automobile loans (R. 129). Miss Irma Barefield testified that one of her friends was confused by a letter she had received from Petitioner (R. 126). Miss Louise Emerson, an employee of the Aetna affiliated companies, testified that on one occasion, when she was riding in an automobile with a Mr. and Mrs. Suggs, these parties stated that they did not like her employer, because it had picked up an automobile on a loan (R. 127). Respondent's Birmingham manager, Mr. John W. Holmes, testified as to an inquiry he had from a preacher who wanted to know the relationship between the Petitioner and the Respondent. Mr. Holmes' own brother was confused as to the relationship (R. 122). Mr. Edward P. Coll, who was made a loan by Petitioner, testified that he was under the impression that Petitioner and Respondent were connected or affiliated companies. "I saw the name 'Aetna'; I just took it for granted they were the same" (R. 125).

Petitioner required an insurance policy with every loan. That was a part of their so-called "complete auto loan service" (R. 135).

BRIEF AND ARGUMENT.

Respondent respectfully submits that the opinion of the honorable Circuit Court of Appeals of the Fifth Circuit is sustained by the evidence and the law applicable thereto.

Petitioner has set up five alleged reasons why a writ of certiorari should issue. As briefly as possible Respondent will discuss these points seriatim:

1.

The decision of the Fifth Circuit is not in conflict with the decisions of this court and of the other Circuit Courts of Appeals as asserted in Petitioner's first alleged reason why a certiorari should issue.

The question here involved is one of unfair competition, rather than exclusive appropriation. Though a geographical name may not be capable of exclusive appropriation as a technical trade-mark, its wrongful use will be protected on the ground of unfair competition by an action at common law, relief not depending on principles applicable to strictly trade-mark cases.

Petitioner contends that the word "Aetna" has a geographical origin and cannot be exclusively appropriated. **The question here involved is one of unfair competition rather than of exclusive appropriation.** Petitioner is committing a wrong in the employment of Respondent's corporate name. It is true that a geographical name may not be capable of exclusive appropriation as a technical trade-mark. It is none the less true that where such a name is used in an arbitrary or fanciful way or has acquired a secondary meaning, such a name will be protected against unfair competition. The rule above referred to has been stated by the author of Corpus Juris as follows:

“* * * a geographical name not used in a geographical sense to denote place of origin, **but used in an arbitrary or fanciful way to indicate origin or ownership regardless of location**, may be sustained as a valid trade-mark. * * * Even though a geographical name may not be a valid trade-mark, **it will be protected against unfair competition.**” 63 C. J. 356.

“The cases are very numerous where relief has been afforded **on the ground of unfair competition** against a deceptive use of generic or descriptive names and marks, personal, **geographical**, corporate, and other names, **none of which are capable of exclusive appropriation as technical trade-marks.**” 63 C. J. 392.

The Alabama decisions are in line with the foregoing. The Supreme Court of Alabama in **Continental Paper & Bag Corporation v. Jacksonville Paper Co.**, 231 Ala. 400, 165 Sou. 216, after stating that there could be “no trade-mark exclusively reserved in a geographical name,” said:

“There are some exceptions or limitations of that rule, as where the name is applied without suggesting it as the place of production, **but arbitrarily or fancifully**, 26 R. C. L. 859, note (1); 45 L. Ed., note page 370, **and where the name has acquired a secondary meaning** and signifies a certain quality of goods, and as those of a particular manufacturer or producer so as to protect him who has used that name to the extent that it is associated with his business and is attempted to be used by another in such a way as to constitute a fraud. *Elgin Nat. Watch Co. v. Ill. Watch Co.*, 179 U. S. 665, 21 S. Ct. 270, 45 L. Ed. 365.” (Emphasis supplied.)

This is not a trade-mark case wherein prior use might be important and where exclusive appropriation is in most cases the determining factor. This is a bill for injunction to prevent unfair methods of competition in the use of Respondent's name.

Respondent's right to relief does not depend upon the various principles applicable to trade-mark cases. The remedy is that given by the common law.

In the case of **American Steel Foundries v. Robertson**, 70 L. Ed. 317, 269 U. S. 372, this court made the distinction between a trade-mark and trade name case, saying:

"To some extent the two terms overlap, but there is a difference more or less definitely recognized, which is, that, generally speaking, the former is applicable to the vendible commodity to which it is affixed, the latter to a business and its good will. See **Ball v. Broadway Bazaar**, 194 N. Y. 429, 434, 435, 87 N. E. 674. A corporate name seems to fall more appropriately into the latter class. * * * The effect of assuming a corporate name by a corporation under the law of its creation is to exclusively appropriate that name. It is an element of the corporation's existence. **Newby v. Oregon C. R. Co.**, **Deady**, 609, 616, Fed. Cas. No. 10, 144. And as Judge Deady said in that case:

"Any act which produces confusion or uncertainty concerning this name is well calculated to injuriously affect the identity and business of a corporation. And, as a matter of fact, in some degree at least, the natural and necessary consequence of the wrongful appropriation of a corporate name is to injure the business and rights of the corporation by destroying or confusing its identity.'" (Emphasis supplied.)

Recently, in **Armstrong Paint & Varnish Works v. Nu-Enamel Corp.**, 83 L. Ed. 195, 305 U. S. 315, it was said:

"Here we have a secondary meaning to the descriptive term 'Nu-Enamel.' This establishes, entirely apart from any trade-mark act, the common-law right of the Nu-Enamel Corporation to be free from the competitive use of these words as a trade-mark or trade name. * * *

"The rights of Nu-Enamel Corporation to be free of the competitive use of 'Nu-Enamel' may be vindicated,

also, through the challenge of unfair competition, as set out in the bill. The remedy for unfair competition is that given by the common law." (Emphasis supplied.)

Goodyear's India Rubber Glove Mfg. Co. v. Goodyear Rubber Co., 128 U. S. 598, 32 L. Ed. 535, cited by Petitioner, is not here in point. In that case the court said:

" 'Goodyear Rubber' are terms descriptive of well known classes of goods produced by the process known as Goodyear's invention. Names which are thus descriptive of a class of goods cannot be exclusively appropriated by anyone. The addition of the word 'Company' only indicates that parties have formed an association or partnership to deal in such goods, either to produce or to sell them."

The court stated that the case could not be sustained as one to restrain unfair trade as there was no proof of any such unfairness:

"but on the contrary, the record shows a persistent effort on its part to call the attention of the public to its own manufactured goods, and the places where they are to be had, and that it had no connection with the plaintiff."

In the present case the record establishes without conflict that there is not only the probability of confusion, but positive instances of actual confusion.

The case of **Columbia Mill Co. v. Wm. W. Alcorn**, 150 U. S. 460, 37 L. Ed. 1144, was a bill to restrain the use of the word "Columbia" in a brand placed on flour sold by the defendant. Upon pleadings and proofs the court below held that the complainant had not established its exclusive right to the use of the word "Columbia" in a brand for flour. In affirming the lower court, this court said:

“* * * and the proof fails to establish that the brand of the appellees was calculated to mislead, or did actually deceive or mislead, anyone into supposing that the flour of the complainant was being bought. So it cannot be said that the defendants were personating the complainant's business by using such a description or brand as to lead customers to suppose that they were trading with the appellant.”

The Petitioner also cites the case of **American Steel Foundries v. Robertson**, above referred to. This was an application to register the name “Simplex” as a trademark. The application was denied, but the court specifically recognized the right to enjoin the misuse of a corporate name on the grounds of unfair competition, and on this aspect the case is cited as authority by the Fifth Circuit as sustaining the right to relief here involved (R. 207).

In the **Robertson** case the court recognized that:

“There may be, of course, instances where a single word in the corporate name has become so identified with the particular corporation that whenever used it designates to the mind of the public that particular corporation.”

Pabst Brewing Co. v. Decatur Brewing Co., 284 Fed. 110 (7 C. C. A.), is also cited. There is no conflict between the present case and that case, which involved the use of the brand “Blue Ribbon.” This case does not involve the use of a label.

It might be observed that this case has been criticized, distinguished and explained in more than a dozen Federal court cases. (For example: **Anheuser-Busch v. Budweiser Malt Products Corp.**, 295 Fed. 306 [2 C. C. A].)

Not only did the Petitioner adopt the name “Aetna” and couple it with the name “Auto,” but it proceeded to

advertise its business in a way that was bound to lead to confusion, to the injury and damage of the Respondent, all of which is amply supported by the evidence.

2.

The decision of the Fifth Circuit is not in conflict with the decisions of the other circuits, as contended in Petitioner's second alleged reason.

Though actual market competition is here established, such competition is not a prerequisite to relief under the modern cases.

Modern cases, whether relating to technical trademarks or the unfair appropriation of a corporate name, do not require actual market competition as a prerequisite to relief.

"It is now held that the doctrine of unfair competition is not confined to cases of actual market competition between similar products of the parties * * *. A person is entitled to be free from the possible danger to its reputation and credit which would result by the public's confusion of the identity of the persons." 63 C. J. 390-1.

A clear recognition of the above rule is found in the case of **Standard Oil Co. of New Mexico v. Standard Oil Co. of California**, 56 F. (2d) 973 (10 C. C. A.).

"There was a time in the history of the law of unfair competition when it was a debatable question whether a merchant's good-will indicated by his trade name or trade-mark extended beyond such goods as he sold (**Yale Elec. Corp. v. Robertson** [2 C. C. A.], 26 F. [2d] 972-973), but it is now well settled that the law of unfair competition is not confined to cases of actual market competition." (Emphasis supplied.)

In the case of **Akron-Overland Tire Co. v. Willys-Overland Co.**, 273 Fed. 674 (3 C. C. A.), the Court enjoined the Akron-Overland Tire Company from using the word "Overland" in connection with its business of retreading automobile tires and in the sale of its stock and securities at the instance of the Willys-Overland Company, who was engaged solely in the business of manufacturing automobiles.

If retreading tires and manufacturing automobiles are "both" concerned with some phase of the automobile business, how much more true is this in the case of insuring automobiles and lending money thereon, especially when insurance is sold with every loan made!

In the case of **Wall v. Rolls-Royce of America, Inc.**, 4 F. (2d) 333 (3 C. C. A.), the Court enjoined the use of the name "Rolls-Royce Tube Company," which name was employed by the defendant in conducting a mail-order business for the sale of radio tubes. The plaintiff, Rolls-Royce of America, was the American subsidiary of the British company and was engaged in the manufacture of automobiles and aeroplanes.

"In addition to what has been said, it is quite possible that the use of such a name might lead third parties to credit the plaintiff's business, on account of its name of 'Rolls-Royce,' with an unwarranted financial reliability, and if such assumptions eventually prove unfounded the name of 'Rolls-Royce' would suffer accordingly."

Another leading case is that of **Aunt Jemima Mills Co. v. Rigney & Co.**, 247 Fed. 407 (2 C. C. A.). This case did not involve unfair competition as to a corporate name but did involve the use of a trade name and symbol. The defendant was denied the use of the trade name and symbol in connection with syrup and sugar cream. The plaintiff

had employed the name and symbol in connection with its flour. In the course of its opinion the Court used the following language:

“In this way, the complainant’s reputation is put in the hands of the defendants. It will enable them to get the benefit of the complainant’s reputation and advertisement. These we think are property rights which should be protected in equity.” (Emphasis supplied.)

Another much cited case is that of **Vogue Company v. Thompson-Hudson Co.**, 300 Fed. 509 (6 C. C. A.). In that case the complainant used the word “Vogue” and the letter “V” in connection with the magazine which it published. This magazine dealt with styles in women’s wear, including millinery, and the defendant adopted the name “Vogue Hats” in connection with the letter “V.”

“This rule is usually invoked when there is an actual market competition between the analogous products of the plaintiff and the defendants, and so it has been natural enough to speak of it as the doctrine of unfair competition; but there is no fetish in the word ‘competition.’ The invocation of equity rests more vitally upon the unfairness.”

In the trade-mark case of **Yale Electric Corp. v. Robertson**, 26 F. (2d) 972 (2 C. C. A.), the Court ruled that a defendant could not use the word “Yale” in connection with its flashlights and batteries in view of the objection of the Yale & Towne Manufacturing Company, who had employed the name “Yale” on many kinds of hardware, especially on locks and keys. The Court in rendering its opinion said:

“It has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a Court. **His mark**

is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask."

In the case of **Del Monte Special Food Co. v. California Packing Corporation**, 34 F. (2d) 774 (9 C. C. A.), the complainant sold various food products under the trade-mark "Del Monte." It did not manufacture or sell oleomargarine. The court enjoined the defendant from using the words "Del Monte Brand" in connection with its oleomargarine.

In **R. H. Macy & Co. v. Colorado Clothing Mfg. Co.**, 68 F. (2d) 690 (10 C. C. A.), the Macy Company, a large New York department store, successfully enjoined the defendant, a Colorado corporation, from employing the name "Macy Tailoring System of America" in connection with its tailoring business.

The case of **Western Auto Supply Co. v. Knox**, 93 F. (2d) 850 (10 C. C. A.), is also expressive of the modern trend of the decisions. In that case it was said:

"A merchant has a sufficient economic interest in his trade name to restrain another from exploiting it in the sale of his merchandise, **even though the two are not engaged in the manufacture or distribution of identical or like products.** Standard Oil Co. of New Mexico v. Standard Oil Co. of California, *supra*; Yale Electric Corp. v. Robertson, *supra*; Wisconsin Electric Co. v. Dumore Co. (6 C. C. A.), 35 F. (2d) 555; Horlick's Malted Milk Corp. v. Horluck's, Inc. (9 C. C. A.), 59 F. (2d) 13; Phillips v. Colorado Nat. Bank, 95 Colo. 386, 36 Pac. (2d) 454; Churchill Downs Distilling Co. v. Churchill Downs, Inc., 262 Ky. 567, 90 S. W. (2d) 1041."

In the case of **Duro Company v. Duro Company**, 27 F. (2d) 339 (3 C. C. A.), the court granted an injunction at the instance of a corporation that had built up a large business in internal combustion engines, using the name "Duro" as its trade-mark, against the manufacturer of a spark plug using the same name to designate its spark plugs.

In **Buckspan v. Governor and Company of Adventurers of England Trading into Hudson's Bay**, 22 F. (2d) 721 (5 C. C. A.), appellee was an English corporation, a dealer in raw furs. It had no place of business in the United States and sold its furs at an auction conducted in London. It had no customers in Dallas and did not advertise its auction in Dallas. Appellant adopted the name of "Hudson Bay Fur Company of Texas, Independent," and was engaged in the selling of manufactured furs. There was no competition between the two. It was purely a question of the appellant trying to trade on the established name and reputation of appellee. The court, in decreeing relief, said:

"In the absence of any plausible explanation of the appellant's adoption of a name so similar to that by which appellee was commonly known in Dallas, as elsewhere throughout the English-speaking part of the world, it may be inferred that the reason for so imitating appellee's name was to secure the advantages which would result from a supposed connection with a historically famous collector of and trader in furs."

To the same effect are the cases of **Vick Medicine Co. v. Vick Chemical Co.**, 11 F. (2d) 33 (5 C. C. A.), and **Indian Territory Oil and Gas Company v. Indian Territory Illuminating Oil Co.**, 95 F. (2d) 11 (10 C. C. A.).

The district courts are in line with the modern trend of decisions announced in the above cases.

Armour & Co. v. Master Tire & Rubber Co., 34 F. (2d) 201 (D. C. Ohio), is a case very much in point. In that case Armour & Company, though engaged primarily in the preparation of meats for consumption, manufactured glue, ammonia, sandpaper, soap, and so on, used by motorists, and in the manufacture of automobiles. The defendant adopted the name "Armour Tire & Rubber Company" and was doing a mail order business in automobile tires and other rubber goods. The defendant company was enjoined. In rendering its opinion the court made the following significant pronouncement:

"The inescapable conclusion, drawn from the tenor of the entire record, is that the use of the word 'Armour' in the corporate name of the selling company, and as a brand and trade name to the product, was selected for the purpose of taking advantage of the business reputation of the plaintiff company. * * * Fraud, or the attempt at fraud, is discernible as the underlying and appealing conclusion."

In the case of **Alfred Dunhill of London v. Dunhill Shirt Shops**, 3 F. Sup. 487 (Dist. Ct. of N. Y.), it was held that a corporation selling smokers' supplies, using the name of "Dunhill" was entitled to an injunction against the use of the word "Dunhill" in the name of a corporation selling shirts, District Judge Cox saying:

"The only conceivable reason for the use of the name 'Dunhill' by the defendant is to trade on the reputation and good will of the plaintiff. * * * It is no answer that the defendant sells shirts, and the plaintiff, smokers' supplies."

In the case of the **Great Atlantic & Pacific Tea Co. v. A. & P. Radio Stores, Inc.**, 20 F. Sup. 703 (Dist. Ct. of Pa.), the plaintiff sought to restrain the defendant from using its trade name "A & P" in connection with its business of selling radios, washing machines and electric refriger-

ators, none of which articles were sold by the plaintiff. The court, in holding that plaintiff was entitled to relief, said:

“I am satisfied that in the present case defendant’s name was chosen with an eye to the value of the letters ‘A & P’ as the plaintiff’s trade name because of the widespread acquaintance of the buying public with them as such. It undoubtedly hoped to appropriate some of that value to itself. This was an unfair interference with the plaintiff’s trade name, and it is clear under the cases to which I have referred that the court has authority to enjoin it. It is equally clear that the granting of relief need not be conditioned upon the showing of actual deception of the public.”

In **Great Atlantic & Pacific Tea Co. v. A. & P. Cleaners & Dyers**, 10 F. Supp. 450 (Dist. Ct. of Pa.), the court enjoined the use of the name “A. & P.” by the defendant, who was engaged in the cleaning and dyeing business.

To the same effect are **Finchley, Inc., v. Finchley Company, Inc.**, 40 F. (2d) 726 (Dist. Ct. of Md.); **Uproar Company v. National Broadcasting Company**, 8 F. Supp. 358 (Dist. Ct. of Mass.), and **Premier-Pabst Brewing Co. v. Elm City Brewing Co.**, 9 F. Supp. 754 (Dist. Ct. of Conn.).

The state court decisions are also in line with those of the Federal Courts.

In **Churchill Downs Distilling Co. v. Churchill Downs, Inc.**, 90 S. W. (2d) 1041 (Dist. Ct. of Ky.), the Court of Appeals of Kentucky held that the plaintiff Churchill Downs, Inc., operators of a race track at Louisville, was entitled to enjoin Churchill Downs Distilling Co. from using the words “Churchill Downs” as a part of its corporate name in its distilling business. The court also held that Churchill Downs, Inc., was entitled to restrain Churchill Downs Distilling Company from using certain

pictorial advertisements in the sale of their liquors. The court said:

"But the tendency of the courts has been and is to widen the scope of protection in unfair competition, and to hold that it is not confined to actual market competition. This turn of the decisions is exemplified by the cases of *Standard Oil Co. of New Mexico, Inc., v. Standard Oil Co. of California (C. C. A.)*, 56 F. (2d) 973, 977; *Colorado Nat. Co. v. Colorado Nat. Bank of Denver, supra*; *Wisconsin Elec. Co. v. Dumore Co. (C. C. A.)*, 35 F. (2d) 555."

In *Tiffany & Co. v. Tiffany Productions, Inc.*, 260 N. Y. S. 821, it was held that Tiffany & Co., jewelers, were entitled to enjoin Tiffany Productions, Inc., moving picture producers, from using the word "Tiffany" in the latter's name or advertisements. The facts in the above case are reviewed at length in *Tiffany & Co. v. Tiffany Productions, Inc.*, 264 N. Y. S. 459, and affirmed 188 N. E. 30. In the course of the latter opinion it was said:

"In recent years the federal courts as well as those of this state have enjoined such use of another's name, irrespective of whether there was actual competition between the parties. *Long's Hat Stores Corp. v. Long's Clothes, Inc.*, 224 App. Div. 497, 231 N. Y. S. 107; *Armour & Co. v. Master Tire & Rubber Co. et al. (D. C.)*, 34 F. (2d) 201; *Yale Electric Corp. v. Robertson (C. C. A.)*, 26 F. (2d) 972; *Alfred Dunhill of London, Inc., v. Dunhill's Shirt Shop, Inc. (U. S. D. C., S. D., N. Y.)*, 3 F. Supp. 487, opinion by Coxe, J., rendered December 30, 1929."

In *New York World's Fair 1939, Inc., v. World's Fair News, Inc., et al.*, 297 N. Y. S. 923, the corporation organized to organize the World's Fair was granted an injunction against the defendant, who was using the words "World's Fair" in the name of its magazine, "World's Fair News."

In **Hugo Stein Cloak Co. v. S. B. Stein & Sons, Inc.**, 16 N. E. (2d) 609 (Ohio Appeals), the court held that the former concern, a clothing company, was entitled to enjoin the latter concern, a jewelry company, from using the name "Stein."

The English cases are likewise in line with the modern trend of authorities.

In **Eastman Company v. Kodak Cycle Co.**, 15 Rep. Patent Cases 105, the plaintiff was the manufacturer of cameras under the name of "Kodak." The defendant, under the name of Kodak Cycle Company, began the manufacture of bicycles. The defendant was denied the use of the word "Kodak."

In **Dunlop Pneumatic Tire Co. v. Dunlop Lubricant Co.**, 16 Rep. Patent Cases 12, the plaintiff used the word "Dunlop" in connection with bicycle tires, rims and pumps. The defendant began business under the name of Dunlop Lubricant Company and dealt in oils and lubricants for bicycles. Complainant had never dealt in oils or lubricants. The court held that the use of the word "Dunlop" was deceptive, and was enjoined.

In the case of **Walter v. Ashton**, 2 Chan. Div. 282, plaintiff was the proprietor of "The Times," a newspaper. This was a case in which "The Times," a newspaper corporation, enjoined the defendant from selling bicycles under the name of "Times Bicycles."

It is respectfully submitted that this decision, based on the record before this court, is in line with the decisions of this court, of the other circuits, of the lower Federal courts, and with the decisions generally.

Borden Ice Cream Co. v. Borden Condensed Milk Co., 201 Fed. 510 (7 C. C. A.), in the light of this record is not in point and is not in conflict with this decision. Further-

more, this case has been criticized in a number of cases as not expressing the modern rule. Typical of these cases is **Standard Oil Co. of New Mexico v. Standard Oil Co. of California**, *supra*, wherein it was said:

“Recent well-considered cases upon the law of unfair competition have expanded the narrow rule announced in the Borden case to an extent that leads us to conclude that the Borden case is out of harmony with the modern law of unfair competition.”

The case of **Beechnut Packing Co. v. P. Lorillard Co.**, 273 U. S. 629, 47 S. Ct. 481, 71 L. Ed. 810, also cited by Petitioner, was apparently decided in this court as a trademark case, although in the Circuit Court the issue of unfair competition was considered. This court held that a delay of six years in attacking the form in which the mark was used barred relief. The Circuit Court, 7 F. (2d) 967, clearly recognized that relief would be granted in a proper case without market competition, saying:

“We are aware, however, that equity may be invoked without market competition. Emphasis should be placed on the word ‘unfair,’ rather than ‘competition.’ If by unfair and fraudulent means the plaintiff is injured and the public deceived, equity will enjoin, whether the injury comes through competition or in some other way. *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F. 407, 159 C. C. A. 461, L. R. A. 1918C 1039; *Vogue Co. v. Thompson-Hudson Co.* (C. C. A.), 300 F. 509, 512.”

Though market competition between Petitioner and Respondent is not essential to injunctive relief against the misuse of the latter's name, the evidence establishes the existence of such competition. During the first two and a half years of Petitioner's existence it made 4,400 loans (R. 135), and according to the testimony of its manager, Nystrom, insurance was required on every loan. This in-

surance was written through the Gradaman Agency of Chicago, Illinois (R. 135), the policies being signed in Atlanta, Georgia (R. 36). Witness Coll stated that they required him to take insurance on the loan that he made (R. 125).

It will be observed that the Circuit Court in advertent to this phase of the case said:

“It might not take any automobile insurance away and still not escape the charge of unfair competition. But, as a matter of fact, its activities which always couple the giving of insurance with the giving of loans, will necessarily take some business away from plaintiff” (R. 206).

3.

The third alleged reason assigned for the granting of the writ is that the Fifth Circuit has rendered a decision to the effect that alleged improper motives or intentions are sufficient to warrant injunctive relief, and in this regard the decision is in conflict with that of another circuit.

Improper motive need not be shown. Same, however, is a valuable index to unfair competition.

It is respectfully submitted that the Circuit Court does not hold that improper motive or intention alone is the basis of its opinion. This is just one of the several grounds entitling Respondent to relief. The mere fact that the Respondent does not have to show intention to entitle it to relief does not mean that improper motive or intention has no bearing on the issues involved.

In **Moeibus v. Louis De Jonge & Company**, 215 Fed. 443 (Dist. Ct. of N. Y.), the court referred to motive as “a valuable index to” unfair competition. Petitioner itself considered the question of motive and intention as being of some moment, attested by the showing of its witness, Lewis (R. 153), as to the manner in which Petitioner selected its

present name (R. 156). By this showing Petitioner attempted to demonstrate its innocence in the selection of its name, as though the name came to its officers "as a bolt from the blue," notwithstanding the fact that Petitioner's witness, Nystrom, testified that the name "Aetna Auto Finance" had already been applied to the Kansas corporation organized by Lewis Investment Company (R. 135). The Sixth Circuit case of **Globe-Wernicke Co. v. Macey Company**, 119 Fed. 697 (decided November 5, 1902), has no bearing upon the proposition presented, particularly when taken in the light of modern authorities dealing with the subject of unfair competition relating to trade names.

4.

The fourth alleged reason assigned for the granting of the writ is that the Fifth Circuit has decided an important question of local law in a way probably in conflict with applicable local decisions.

Under the modern decisions, and particularly those of Alabama, it is not necessary in a bill for injunction only to allege or prove actual fraud or intent to defraud, or that any persons have been actually deceived. Relief will be granted if the use of the name tends to or will probably cause confusion, resulting in probable loss or damage.

It is observed that Petitioner employs the word "probably." Actually a review of the Alabama decisions reveals that the opinion is in line with these decisions. Title 10, Section 2, of the Alabama Code of 1940, provides that:

"No name shall be assumed which is identical with that of any corporation already existing in this state, or so nearly similar thereto as to lead to confusion and uncertainty." (Emphasis supplied.)

In construing this section, in **White v. Citizens Light & Power Co.**, 172 Ala. 232, 55 Sou. 193, the Alabama Supreme Court said:

"The provision was evidently intended to protect existing corporations from an interference with their name or business, and an injured one would no doubt have the right to enjoin the use of the name by the new corporation." (Emphasis supplied.)

In the case of **Grand Lodge Knights of Pythias of North and South America v. Grand Lodge Knights of Pythias**, 174 Ala. 395, 56 Sou. 963, in which a white fraternal organization successfully enjoined a colored fraternal organization, though not competitors, the Supreme Court said:

"But our statutes prevent, or are intended to prevent, the use of the name of one corporation by another, or the use of a name so similar to that of the prior corporation as to tend to confusion * * *"

"It is not necessary to allege or prove actual fraud on the part of the corporation which assumes the name of another, but, if such fraud be necessary to relief, in a case like the one under consideration, it may be presumed from knowingly adopting the name of another corporation, or a name so similar as to cause actual or probable loss or damages to the other." (Emphasis supplied.)

In the case of **G. B. McVay & Son Seed Co., Inc., v. McVay Seed & Floral Co., Inc.**, 201 Ala. 644, 79 Sou. 116, there was a bill to enjoin the use of the name "McVay" as a part of the corporate name of the respondent. In the course of its opinion the court said:

"* * * the better view is that actual fraud in unfair competition need not be alleged or proved, and that constructive fraud is sufficient, and this is the rule in this state. Grand Lodge K. P. of N. & S. America v. Grand Lodge K. P., 174 Ala. 395, 56 Sou. 963; Bos-

ton Shoe Shop v. McBroom Shoe Shop, 196 Ala. 262, 72 Sou. 102. **Nor is it necessary to show, in a bill for injunctive relief only, that any persons have been actually deceived.** Boston Shoe Shop v. McBroom Shoe Shop, 196 Ala. 262, 72 Sou. 102.” (Emphasis supplied.)

It is noted that it is stated that in a bill “for injunctive relief only” it is not necessary to show that any person has been actually deceived. Consequently, it is not necessary to show actual damages. No actual damages are prayed for in this case. The bill is one “for injunctive relief only.”

In **Boston Shoe Shop v. McBroom Shoe Shop**, 196 Ala. 262, 72 Sou. 102, the Supreme Court of Alabama said:

“The bill does not charge in terms that the imitation of complainant’s device was designed or fraudulent. But while design is significant, and may be in many cases of controlling importance, **neither design nor actual fraud in such an imitation is a necessary element of the right to relief * * ***

“Nor is it necessary to show, in a bill for injunction merely, **that any persons have been actually deceived.** 38 Cyc 773, and cases cited.” (Emphasis supplied.)

In the case of **N. L. Pierce Nat. Detective Agency v. Pierce Detective Agency**, 217 Ala. 594, 117 Sou. 191, we note the following:

“* * * **An actual intent to defraud need not appear * * ***

“However, under our statute, a corporate name should not be taken so nearly similar to that of an existing corporation **as to lead to confusion and uncertainty. This statute qualifies in some measure the prevailing rule in the absence of statute.**” (Emphasis supplied.)

It will be observed that the court stated that the statute “qualifies in some measure the prevailing rule in the absence of statute.”

Title 10, Sec. 2, Code 1940, prohibits a corporation from adopting a name so nearly similar to that of another corporation "as to lead to confusion and uncertainty," or "to tend to confusion." **Grand Lodge v. Grand Lodge**, *supra*. "It is not necessary to allege or prove actual fraud * * * it may be presumed from **knowingly** adopting * * * a name so similar as to cause actual or **probable** loss or damage," *Id.*; and where injunctive relief **only** is prayed for, it is unnecessary to show "that any persons have been actually deceived." Petitioner **knew** what it was doing when it adopted the name "Aetna." It had already organized the Aetna Auto Finance of Kansas (R. 135). It knew that the word "Aetna" had long been associated with Respondent and had been used by it in an "arbitrary or fanciful way" and that it had acquired "a secondary meaning" of great value, and that its possessor had multiplied thousands of agents and offices in every hamlet in this broad land; and, further, that the name had been used and advertised throughout the nation for many years by this Respondent in more than a score of different combinations with the word "Auto."

Clearly, the object of the statute, in the light of these Alabama decisions, was to prevent the very confusion that has arisen in this case and established by the undisputed evidence.

It is also observed from the Alabama cases above cited and quoted from that the Alabama decisions in line with the law generally [*Moeibus v. Louis De Jonge & Co.*, *supra*; *Wolf Bros. & Co. v. Hamilton-Brown Shoe Co.*, 206 Fed. 611 (8 C. C. A.); *Churchill Downs Distilling Co. v. Churchill Downs, Inc.*, 90 S. W. (2d) 1041 (Ky.)] hold that it is not necessary to allege or prove actual fraud or fraudulent intent. Where there is doubt as to the probability of confusion and deception it is the duty of the court to resolve the doubt against the newcomer.

In **Yale Electric Corp. v. Robertson**, 21 F. (2d) 467 (Conn. Dist. Ct.), affirmed 26 F. (2d) 972, it is said:

“And if it be found that there is doubt as to whether such confusion will exist, it is the duty of the court to resolve that doubt against the newcomer in the field. **Waltke & Co. v. Schafer & Co.**, 49 App. D. C. 254, 263 Fed. 650.”

In **Standard Oil Company v. Michie**, 34 F. (2d) 802 (Dist. Ct. of Mo.):

“Even if there shall exist a doubt, that doubt will be resolved against him who is last in the field. **Postum Cereal Co. v. Farmers' etc. Assn.**, supra. Not only is actual confusion banned by the rule, but probability from the facts that such confusion will occur, that is to say, are the facts shown in evidence calculated to produce confusion?”

In **Lowney v. Chandler & Rudd Co.**, 12 F. (2d) 189 (Court of Appeals, Dist. of Columbia):

“Before the bar of confusion can be avoided, where a descriptive word common to both marks is used, there must be such a wide distinction between the dissimilar words **as to prevent any possibility of confusion** in the use of the marks.” (Emphasis supplied.)

It will likewise be observed that under the Alabama decisions the graveman does not consist of “actual or threatened damages” to the complainant.

The Circuit Court, in its opinion (R. 206), states that its cases (**Continental Ins. Co. v. Continental Fire Assn.**, 101 Fed. 255; **Pulitzer Pub. Co. v. Houston Printing Co.**, 11 F. [2d] 834, and **Fidelity Bond & Mortgage Co. v. Fidelity Bond & Mortgage Co.**, 37 F. [2d] 99), cited by Petitioner, do not support Petitioner's position. We submit that the Circuit Court is the best judge of its own decisions. The case of **Bond Stores, Inc., v. Bond Stores**, 104 F. (2d) 124,

in its declaration of the law, supports Respondent. In that case the court refers to similar practices, as those engaged in by the Petitioner, as "both the filching of the good name and obtaining unearned benefits." The defendant in that case expressed a willingness to change its name. Here, within a few months after Petitioner was organized, Respondent requested Petitioner to change its name so as to avoid confusion (R. 26, 27). Respondent refused to do this (R. 28). The case of **Richmond Remedies Co. v. Dr. Miles Medical Co.**, 16 F. (2d) 598 (8 C. C. A.), involved the use of the trade-mark "Nervine." The court expressly recognized the principle that the unfair use of a trade name would be restrained in a proper case. In **Certain-Teed Products Corp. v. Philadelphia & Suburban Mort. Guaranty Co.**, 49 F. (2d) 114 (3 C. C. A.), the court stated there was

"No similarity or simulation of product * * *. No fraud, deception, or confusion in the minds of the public is shown or threatened."

Shaler v. Rite-Way Products, 107 F. (2d) 82 (6 C. C. A.), also cited, is not contrary to, but in line with, the decision of this case. **Schneider Brewing Co. v. Century Distilling Co.**, 106 F. (2d) 699 (10 C. C. A.), involved the use of a label. The court held there was no similarity and no possibility of deceit. **Colburn v. Puritan Mills, Inc.**, 108 F. (2d) 377 (7 C. C. A.), was a trade-mark infringement suit, involving the trade-marks "PY-DO" and "PY-O-MY." The court held that it was convinced that the defendant's use of the latter name was not deceptive and would not confuse prospective buyers. **General Shoe Corp. v. Rosen**, 111 F. (2d) 95 (4 C. C. A.), in its application of the law, is not contrary to, but supports, the opinion involved.

5.

The fifth alleged reason why a certiorari should be granted is that the finding of the Special Master should have been upheld by the Circuit Court.

The finding of the Special Master was clearly erroneous. Most of the evidence consisted of advertising matter, documents and depositions which were before the Circuit Court as well as the Special Master. The Circuit Court decision is correct and the writ should not issue.

It is submitted that the finding of the Special Master denying relief is clearly erroneous and that the Circuit Court decision is the proper one and should not be disturbed.

The Special Master arrived at his final judgment of exculpation by a refined process of whittling away on the stick until finally it was all gone. He held that the law of trade names was broader than that of trade-marks, and then applied the narrower trade-mark law to this trade name case. He held that Respondent has established a secondary meaning for the word "Aetna" and thereby a prior right to its use, and then nullified his holding by limiting the priority to the field of insurance, in which he found Petitioner was not engaged, notwithstanding the evidence showed that insurance is part of every loan Petitioner makes. He ruled that market competition need not be proven, and proceeded to find that Respondent and Petitioner were not competitors, when Petitioner's own officers showed that they were. He stated that intention to deceive was not necessary to be shown in order to recover, and held the evidence was convincing that there was no such intent, not even when the fledgling \$2,000 corporation advertised itself to be a national institution, which by its own admission it was not. He held that actual deception

need not be shown, and then exculpated Petitioner from admitted deception. He found that probability of deception was of the essence, and closed his eyes to the probability—nay, even the actuality—of deception testified to by Petitioner's own manager, telephone operator and cashier. He admitted that many cases may be found in which relief has been granted where the apparent similarity of the businesses involved was slight, and decreed that this case was not one for relief in the very teeth of the evidence that the similarity—nay, the identity—could not be denied.
(R. 163-167)

Furthermore, a large part of the evidence was taken before a Commissioner in Hartford, Connecticut (R. 31-121). The Special Master did not see or hear the testimony of the witnesses testifying before the Commissioner. A large part of the evidence was documentary. There were more than threescore exhibits, the originals of which were transmitted to the Circuit Court (R. 108-121, 143-153). Many of these exhibits were the advertising media of the parties. The Circuit Court was in a position to view these exhibits and judge to what extent Petitioner simulated Respondent's advertising.

Where testimony consists of documentary evidence and depositions a Master is in no better position to determine the issues of the facts than a reviewing court. In **Carter Oil Co. v. McQuigg**, 112 F. (2d) 275 (7 C. C. A.), where there was documentary evidence, depositions and some oral testimony before the Master, the court said:

“Where the testimony consists of documentary evidence and depositions, the master is in no better position to determine an issue of fact than a reviewing court. The District Court's finding on such evidence is likewise subject to free review unaffected by presumptions which ordinarily accompany their findings on controverted issues.”

Respondent has not sought damages in this case. It is simply seeking to protect its good name, established through long years of honest dealing. A good name that it cherishes and values; one which is "rather to be chosen than great riches."

It is most respectfully submitted that the writ of certiorari should be denied.

Respectfully submitted,

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A true copy of the foregoing brief was duly served upon Hon. Harvey Deramus, one of the attorneys of record for Petitioner, on this day of March, 1942.

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